AMENDED

March 29, 2022

**S. 935**

Introduced by Senators Grooms, Loftis, Goldfinch, Verdin, Rice, Cash, Adams, Climer, Peeler, Garrett, Kimbrell, Davis, Campsen, Hembree, Turner, Corbin, Bennett, Massey, Gambrell, Rankin and Senn

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Read the first time December 7, 2021.

**A** **BILL**

TO AMEND TITLE 59 OF THE 1976 CODE, RELATING TO EDUCATION, BY ADDING CHAPTER 8, TO PROVIDE FOR THE CREATION OF EDUCATION SCHOLARSHIP ACCOUNTS, TO PROVIDE REQUIREMENTS FOR THE ACCOUNTS, TO CREATE AN EDUCATION SCHOLARSHIP ACCOUNT FUND TO FUND THE SCHOLARSHIPS, AND TO PROVIDE RELATED REQUIREMENTS OF THE EDUCATION OVERSIGHT COMMITTEE AND THE DEPARTMENT OF ADMINISTRATION, AMONG OTHER THINGS.

Amend Title To Conform

Whereas, in 1970, the State of South Carolina enacted the Tuition Grants Program to award needs‑based grants for students to attend the independent college of their choice. Since 1970, 450,000 grants totaling $988 million have been awarded to deserving students; and

Whereas, in 1999, the State of South Carolina enacted First Steps to School Readiness, a program for low‑income children to attend independent, prekindergarten programs; and

Whereas, in 2013, the South Carolina General Assembly passed its first K‑12 choice program, the Exceptional SC Scholarship, a tax credit scholarship to assist children with special needs that was made permanent law in 2018; and

Whereas, in establishing the Education Scholarship Account Act, the South Carolina General Assembly intends to further enhance educational opportunity for all South Carolinians across the prekindergarten through higher education spectrum by providing parents with state funds that will allow them to access the K‑12 education that works best for their child; and

Whereas, the South Carolina General Assembly intends for these state funds to belong to parents, and for parents to use these funds in furtherance of personalized education to meet the needs of their child and as a direct benefit to their child; and

Whereas, the South Carolina General Assembly intends to promote student achievement by making South Carolina the most student‑centered State in the nation by increasing student participation in, and student access to, effective educational opportunities, both within and outside of their resident school district, regardless of where they live or their socioeconomic status; and

Whereas, the South Carolina General Assembly intends that the provisions of this chapter be construed broadly as a direct benefit to students to maximize parental choice options and student access to customized, high‑quality educational opportunities presently unavailable to their children. Now, therefore,

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. This act may be cited and referred to as the “Put Parents in Charge Act”.

SECTION 2. Title 59 of the 1976 Code is amended by adding:

“CHAPTER 8

Education Scholarship Trust Fund

Section 59‑8‑110. For purposes of this chapter:

(1) ‘Department’ means the South Carolina Department of Education.

(2) ‘Education Scholarship Trust Fund’, ‘ESTF’, or ‘fund’ means the individual account that is administered by the department to which funds are allocated to the parent of an eligible student to pay for qualifying expenses.

(3) ‘Eligible student’ means a student who:

(a) is a resident of this State;

(b)(i) attended a public school in this State during the previous school year;

(ii) had not yet attained the age of five on or before September first of the previous school year but who has attained the age of five on or before September of the current school year; or

(iii) received a scholarship pursuant to this chapter for the previous school year; and

(c)(i) has a statement of Medicaid eligibility;

(ii) has an IEP; or

(iii) has a sibling living in the same household who receives a scholarship pursuant to this chapter.

(4) ‘IDEA’ means the Individuals with Disabilities Education Act found in 20 U.S.C. Section 1400, et seq.

(5) ‘Parent’ means a resident of this State who is the natural or adoptive parent, legal guardian, custodian, or other person with legal authority to act on behalf of an eligible student.

(6) ‘Education service provider’ means a person or organization approved by the department that receives payments from ESTF to provide educational goods and services to scholarship students.

(7) ‘Program’ means the ESTF program created by this chapter.

(8) ‘Resident school district’ means the public school district in which the student is domiciled.

(9) ‘Scholarship’ means education funding allocated from an account established pursuant to this chapter.

(10) ‘Scholarship student’ means an eligible student who is participating in the Education Scholarship Trust Fund program.

(11) ‘Substantial misuse’ means willfully and knowingly receiving or spending any portion of a scholarship for any purpose other than a qualifying expense.

(12) ‘Qualifying expense’ means:

(a) tuition and fees of an education service provider;

(b) textbooks, curriculum, or other instructional materials including, but not limited to, any supplemental materials or associated online instruction required by either a curriculum or an education service provider;

(c) tutoring services approved by the department;

(d) computer hardware or other technological devices that are used primarily for a scholarship student’s educational needs and approved by the department or a licensed physician;

(e) tuition and fees for an approved nonpublic online education service provider or course;

(f) fees for approved:

(1) national norm‑referenced examinations, advanced placement examinations, or similar assessments;

(2) industry certification exams; or

(3) examinations related to college or university admission;

(g) educational services for pupils with disabilities from a licensed or accredited practitioner or provider including, but not limited to, occupational, behavioral, physical, and speech‑language therapies;

(h) approved contracted services from a public school district, including individual classes, after school tutoring services, transportation, or fees or costs associated with participation in extracurricular activities;

(i) contracted teaching services and education classes approved by the department;

(j) fees for transportation paid to a fee‑for‑service transportation provider for the scholarship student to travel to and from an eligible provider as defined in this section, but not to exceed seven hundred fifty dollars for each school year;

(k) fees for ESTF account management by private financial management firms approved by the department; or

(l) any other educational expense approved by the department.

Section 59‑8‑115. (A) The department shall create a standard application process and establish the timeline for parents to establish the eligibility of their student for the Education Scholarship Trust Fund program. The application window established shall last at least forty-five days, opening no earlier than January fifteenth and closing no later than March fifteenth each calendar year.

(B) Pursuant to the timeline established pursuant to subsection (A), the department shall:

(1) process applications in the order in which they are received, after a preference has been extended to all prior‑year participants and their respective siblings; and

(2) enroll and issue award letters within thirty days of the deadline for receipt of completed applications and all required documentation.

(C) Before awarding a scholarship, the department shall have obtained evidence of the student’s eligibility through the card issued in the student’s name from the Department of Health and Human Services for Medicaid eligibility included as applicable with application documentation.

(D) The department shall approve an application for scholarship if:

(1) the parent submits an annual application for an scholarship in accordance with the application and procedures established by the department;

(2) the student on whose behalf the parent is applying is an eligible student;

(3) funds are available for the ESTF; and

(4) the parent signs an annual agreement with the department:

(a) to provide, at a minimum, a program of academic instruction for the eligible student in at least the subjects of English/language arts to include writing, mathematics, social studies, and science;

(b) to acknowledge and agree to comply with the education service provider’s prescribed curriculum, dress code, and other requirements of enrolled students;

(c) to ensure the scholarship student takes assessments as referenced in Section 59‑8‑150 or provides assessments in a similar manner through other means if the scholarship student does not receive full‑time instruction from an education service provider;

(d) to use program funds for qualifying expenses only for an approved provider to educate the scholarship student, subject to penalty;

(e) not to enroll their scholarship student in a public school as a full‑time student in the resident school district, as defined in this chapter;

(f) not to participate in a home instruction program under Sections 59‑65‑40, 59‑65‑45, or 59‑65‑47;

(g) to comply with the conditions and requirements of the ESTF program as established by the department; and

(h) to confirm that, if the parent’s child is a student with disabilities, the parent has received notice from the department that participation in the ESTF program is a parental placement of the scholarship student under IDEA, along with an explanation of the rights that parentally placed students possess under IDEA and any applicable state laws and regulations, including the consultation process provided for in 20 U.S.C. Section 1412(a)(10) and the Indivdual Education Program requirements described in Section 1414(d) of IDEA.

(E) The department shall make available on its website in a conspicuous location information in conformity with 34 C.F.R Sections 300.130 through 300.144, Assistance to States for the Education of Children with Disabilities, explaining to parents the rights of children with disabilities under IDEA both in public schools and as parentally placed students in private schools.

(F) A parent will be allowed to make payments for the cost of educational goods and services not covered by the funds in their student’s ESTF; however, personal deposits into an ESTF account are prohibited.

(G) Funds received pursuant to this section do not constitute taxable income to the parent of the scholarship student or to the student.

(H) A parent’s signed agreement under subsection (D)(4) satisfies the state’s compulsory attendance law pursuant to Section 59‑65‑10.

(I) The State Board of Education shall promulgate regulations for the administration of the program as may be applicable.

(J) The department may contract with qualified organizations to administer the program application process or specific functions, maintenance, and monitoring of the program application process as required above.

Section 59‑8‑120. (A) There is established at the department, the ‘South Carolina Education Scholarship Trust Fund’ that is separate and distinct from the general fund, consisting of monies appropriated to the department to provide scholarships to eligible students for qualifying expenses. The fund must receive and hold all monies allocated for it as well as all earnings until disbursed as provided in this section.

(B) The department shall administer the fund and is responsible for keeping records, managing accounts, and disbursing scholarships awarded pursuant to this section and as directed by the parent.

(C) Upon request of the parent and approval of an eligible student’s application by the department, the State Treasurer shall transfer six thousand dollars per scholarship student to the Education Scholarship Trust Fund as directed by the General Assembly. Each year this amount shall be adjusted to reflect the percentage increase in the actual state allocated revenue per pupil as calculated by the Revenue and Fiscal Affairs Office pursuant to the annual appropriations act.

(D) The department shall create an individual online ESTF account for each scholarship student.

(1) The parent must be able to access the individual online account for the scholarship student using a secure portal.

(2) The individual scholarship student’s account must be created within thirty days of the application approval.

(E) The department shall make payments to an individual scholarship student’s account from the ETSF on a quarterly basis with the first payment being distributed by July thirty‑first of each year.

(F) By September first of each school year and again on January fifteenth and March fifteenth of the school year, the department shall compare the list of scholarship students with the public school enrollment lists to avoid duplicate payments.

(G) Education service providers may not refund, rebate, or share a student’s scholarship funds directly with a parent or the scholarship student. The funds in an account may only be used for qualifying expenses as defined in this chapter and provided by the department.

(H) The department may contract with qualified organizations to administer the program.

Section 59‑8‑125. (A) The department shall develop an online electronic system for payment for services authorized by participating parents pursuant to this chapter and the guidelines provided by the department. Parents may not be reimbursed for out‑of‑pocket expenses.

(B) The General Assembly shall appropriate funds to the department for initial costs to create the program. Thereafter, the department shall deduct an amount from the ESTF to cover the costs of overseeing the accounts and administering the program up to a limit of three percent. Annually, on or before December thirty-first, the department shall notify the respective chairmen of the Senate Finance Committee and House of Representatives Ways and Means Committee regarding the amount deducted for administrative costs and an itemization of the costs incurred to administer the program for the previous school year.

(C) The department may contract with qualified vendors to manage accounts and shall establish reasonable fees for private financial management firms participating in the program based upon market rates.

(D) The department may contract with qualified organizations to administer the program or specific functions of the program.

(E) Payments made by the department must remain in force until a parent or scholarship student is proven to have participated in a prohibited activity specified in this chapter, a scholarship student returns to a public school in his resident public school district, or scholarship student graduates from high school or attains twenty‑two years of age, whichever occurs first. A scholarship student who enrolls in his resident public school district is considered to have returned to a public school for the purpose of determining the end of the term.

(F) The department may suspend or deactivate an account for substantial misuse or the scholarship student leaves the program for any reason, at which time any remaining funds must revert to the ESTF.

(G) Unused funds must be rolled over to the following school year for a scholarship student who applies and continues to meet eligibility requirements to participate in the program.

(H) A scholarship terminates automatically if the student is no longer domiciled in this State, and any money remaining in the account reverts to the ESTF.

(I) Only one account may be established for a scholarship student.

Section 59‑8‑130. If scholarship student’s program of academic instruction is terminated for any reason before the end of the semester or school year and the student does not resume instruction within thirty days, then the parent shall notify the department and remaining funds in the account reverts to the ESTF.

Section 59‑8‑135. (A) Beginning with the 2023‑2024 School Year, the annual number of ESTF students is limited by the following capacity:

(1) in School Year 2023‑2024, the program is limited to five thousand scholarship students;

(2) in School Year 2024‑2025, the program is limited to ten thousand scholarship students; and

(3) in School Year 2025‑2026, and for all subsequent school years, the program is limited to fifteen thousand scholarship students.

(B) In 2026, and every five years thereafter, the department shall conduct an eligibility and use review of the program and shall make recommendations to the General Assembly to improve the program.

Section 59‑8‑140. (A)(1) The department must develop an application approval process for participation in the ESTF program for education service providers.

(2) The department must require an independent school that applies to be an education service provider to be located in the State, to have an educational curriculum that includes courses set forth in the state’s diploma requirements and to meet the compulsory attendance and State Board of Education approval requirements in Section 59-65-10.

(3) An education service provider that participated in the program in the previous school year and desires to participate in the program in the current school year shall reapply to the department. The education service provider reapplying shall certify to the department that it continues to meet all program requirements. An education service provider required to administer academic testing shall provide to the department test score data from the previous school year. If individual student test score data is not submitted, then the department shall remove the education service provider from the program.

(4) By February first of each year, the department will certify the list of approved education service providers for participation in the program that meet all program requirements. The department may waive the deadline requirement upon good cause shown by an education service provider.

(5) An education service provider that is denied approval pursuant to this section may seek review by filing a request for a contested case hearing with the Administrative Law Court in accordance with the court’s rules of procedure.

(6) By February fifteenth of each year, the department shall publish on its website a comprehensive list of approved education service providers. The list must include the name, address, telephone number, and website address for each education service provider.

(B) If approved by the department, new education service providers may be added to the list of approved providers on a rolling basis. The providers will be added to the comprehensive list available on the departments website.

(C) The department may bar an education service provider from the program if the department establishes that the education service provider has:

(1) failed to comply with the accountability standards established in this section; or

(2) failed to provide the scholarship student with the educational services funded by the account.

(D) The department shall create procedures to ensure that a fair process exists to determine whether an education service provider should be barred from receiving payments from accounts.

(1) If the department decides to bar an education service provider from the program, it shall notify affected students and their parents of this decision as quickly as possible.

(2) Education service providers may appeal the department’s decision to bar the education service provider from receiving payments from accounts pursuant to the Administrative Procedures Act.

(E) The State Board of Education shall promulgate regulations to allow scholarship students to return to their resident school districts during the course of their participation in the program.

Section 59‑8‑145. (A) The department shall adopt procedures to inform students and their parents annually of their eligibility for the program.

(B) The department shall adopt procedures to annually inform scholarship students and their parents of the approved education service providers.

(C) The department shall provide to parents of a scholarship student written instructions for the allowable uses of an account and the responsibilities of parents and the duties of the department.

(D) The department may declare that a parent is ineligible for continuation in the program due to substantial misuse of their account funds.

(E) The department may conduct or contract for the auditing of accounts, and shall, at a minimum, conduct random audits of accounts on an annual basis.

(F) The department may refer cases of substantial misuse of funds to law enforcement agencies for investigation.

(G) The department may contract with one or more qualified organizations to administer some or all portions of this program.

(H) The department shall maintain a record of the number of applications received annually for the program, the number of students accepted into the program each year, and the number of students not accepted into the program each year with a corresponding explanation as to why the student was not accepted into the program. The department shall compile this information and provide a report to the General Assembly by December thirty‑first of each year.

Section 59‑8‑150. (A) To ensure equitable treatment and personal safety of all scholarship students, all education service providers shall:

(1) comply with all applicable health and safety laws or codes;

(2) hold a valid occupancy permit if required by the municipality in which the education service provider is located;

(3) not unlawfully discriminate on the basis of race, color, religion, or national origin; and

(4) conduct criminal background checks on employees and exclude from employment anyone who:

(a) is not permitted by state law to work in a school;

(b) reasonably might pose a threat to the safety of students; or

(c) is listed on federal, state, or other central child abuse registries.

(B) To ensure that funds are spent appropriately, all education service providers shall:

(1) provide parents with a receipt for all qualifying expenses; and

(2) demonstrate their financial viability by filing a surety bond with the department prior to the start of the school year if they are to receive fifty thousand dollars or more during the school year.

(C) In order to allow parents and the public to measure the achievements of the program, academic progress must be documented annually for each scholarship student. Students with an Individualized Education Plan that cannot be accommodated with standardized testing are excluded from the requirements of item (1). Education service providers that provide academic instruction must monitor the progress of students with significant cognitive disabilities through alternative assessments including portfolios.

(1) Education service providers that provide full‑time academic instruction shall:

(a) ensure that each scholarship student in grades three through twelve takes a nationally norm-referenced or formative assessment approved by the department. Students with disabilities for whom standardized testing is not appropriate are exempt from this requirement; and

(b) measure academic performance and annual learning gains of its scholarship students by:

(i) requiring that each scholarship student takes either an approved nationally norm-referenced assessment annually, or an approved formative assessment in the fall and spring, to measure learning gains in math and reading; and

(ii) collecting high school graduation information of scholarship students for reporting to the department as required in this section.

(2) For the purpose of evaluating program effectiveness, education service providers that provide full‑time academic instruction shall ensure that results in item (1) are:

(a) provided to the parent of a scholarship student and must be provided to the department on an annual basis, beginning with the first year of program implementation; and

(b) disaggregated by grade level, gender, family income level, race, and English learner status.

(3) The department, or the appropriate organization chosen by the department, if any, must be informed of the scholarship student’s graduation from high school.

(D) The department shall:

(1) comply with all student privacy laws;

(2) collect all test results;

(3) annually provide individual student assessment results and information to the Education Oversight Committee. The transmission of the information must be made in a manner that safeguards the data to ensure student privacy.

(E) The Education Oversight Committee shall:

(1) comply with all student privacy laws;

(2) report on and publish associated learning gains and graduation rates to the public by means of a state website with data aggregated by grade level, gender, family income level, number of years participating in the program, and race and a report for any participating school if at least fifty-one percent of the total enrolled students in the private school participated in the ESTF program in the prior school year or if there are at least thirty participating students who have scores for tests administered. If the Education Oversight Committee determines that the thirty participating-student cell size may be reduced without disclosing the personally identifiable information of a participating student, the Education Oversight Committee may reduce the participating-student cell size, but the cell size may not be reduced to fewer than ten participating students;

(3) evaluate and report the academic performance of scholarship students compared to similar public school populations; and

(4) collaborate with the department to develop and administer an annual parental satisfaction survey for all parents of scholarship students on issues relevant to the ESTF program, to include effectiveness and length of the program participation. Results of this survey must be provided to the General Assembly by December thirty‑first of each year.

(F) An education service provider, not a public school, is autonomous and not an agent of the state or federal government, therefore:

(1) the department or any other state agency may not regulate the educational program of an approved education provider that accepts funds from an account;

(2) the creation of the program does not expand the regulatory authority of the State, its officers, or a school district to impose regulation of education service providers beyond those necessary to enforce the requirements of the program;

(3) the freedom of education service providers to provide for the educational needs of scholarship students without governmental control must not be abridged;

(4) an education service provider that accepts payment by a parent from an ESTF account pursuant to this chapter is not an agent of the state or federal government; and

(5) education service providers shall not be required to alter their creeds, practices, admissions policy, or curriculum in order to accept payments by a parent from an ESTF account.

Section 59‑8‑155. The scholarship student’s resident school district shall provide a parent and the education service providers designated by the parent with a complete copy of the student’s school records, while complying with the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. Section 1232(g).

Section 59‑8‑160. (A) There is created the ‘ESTF Review Panel’ that shall serve as an advisory panel to the department.

(B) The review panel shall consist of ten members, pursuant to the following:

(1) the Governor or his designee, who shall serve as the chair of the panel;

(2) three members to be appointed by the Governor;

(3) one member appointed by the Speaker of the House of Representatives;

(4) one member appointed by the President of the Senate;

(5) one member appointed by the Chairman of the House of Representatives Education and Public Works Committee;

(6) one member appointed by the Chairman of the Senate Education Committee; and

(7) two parents of scholarship students to be appointed by the Governor.

(C) The review panel may advise the department on whether certain expenses meet the requirements to be considered a qualified expense under this chapter when requested by the department. The review panel periodically may make recommendations to the General Assembly about improving the program.

(D) Members shall serve at the pleasure of their appointing authority. In making appointments to the panel, the appointing authorities, as appropriate, shall consider legal, financial, accounting, and marketing experience and race, gender, and other demographic factors to ensure nondiscrimination, inclusion, and representation of all segments of the State to the greatest extent possible.

(E) Members may not receive mileage or per diem.

Section 59-8-165. The provisions of the chapter do not restrict a school district’s ability to enact or enforce a district’s student transfer policy.”

SECTION 3. If any section, subsection, paragraph, subparagraph, sentence, clause, phrase, or word of this act is for any reason held to be unconstitutional or invalid, then such holding shall not affect the constitutionality or validity of the remaining portions of this act, the General Assembly hereby declaring that it would have passed this act, and each and every section, subsection, paragraph, subparagraph, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other sections, subsections, paragraphs, subparagraphs, sentences, clauses, phrases, or words hereof may be declared to be unconstitutional, invalid, or otherwise ineffective.

SECTION 4. This act takes effect thirty days after approval by the Governor, provided that upon approval of this act by the Governor, the Department of Education shall begin undertaking and executing responsibilities incidental to the implementation of this act so that the provisions of this act may be fully implemented thirty days after approval by the Governor.

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